

# CITY OF MANCHESTER NEW HAMPSHIRE



## Request for Proposal

“Retail Lockbox Services”

## **TABLE OF CONTENTS**

<b>PROPOSAL FORMAT AND SUBMISSION</b>	<b>1</b>
<b>SCHEDULE OF EVENTS</b>	<b>2</b>
<b>GENERAL TERMS AND CONDITIONS</b>	<b>2</b>
<b>EVALUATION PROCESS</b>	<b>4</b>
<b>OVERVIEW OF CURRENT LOCKBOX ACTIVITIES</b>	<b>5</b>
<b>REMITTANCE PROCESSING VOLUMES</b>	<b>6</b>
<b>RETAIL LOCKBOX SERVICES RFP</b>	<b>7</b>
<b>FINANCIAL PROPOSAL</b>	<b>25</b>

**The City of Manchester, New Hampshire, through its Finance Office is soliciting proposals for Retail Lockbox Services. This request is presented in compliance with Section §39.07, Competitive Service Proposals, of the City's Procurement Code.**

## **Proposal Format and Submission**

A bidder must complete a response to all mandatory specifications in order to be considered.

All copies must be submitted *prior* to the date and time stipulated in the RFP as the opening date. All bids will be date and time stamped to document official time and date of receipt.

A bidder mailing proposals should allow sufficient time for mail delivery to assure timely arrival. Any proposal received after the bid opening date and time will be immediately disqualified.

***Submit:*** one original Technical Proposal and Financial Proposal plus (5) convenience copies and one CD in Microsoft Word for the technical and one CD in Microsoft Word for the Financial Proposal.

Additional informational inquiries regarding specifications of this RFP must be submitted in writing to the Finance Officer. The deadline for written inquiries is identified in the Schedule of Events. All inquiries for specification clarification must be addressed to:

**Randy M. Sherman, Finance Officer  
City of Manchester  
Department of Finance  
One City Hall Plaza  
Manchester, NH 03101  
Telephone: 603-624-6460  
Fax: 603-624-6549  
Email: [rsherman@manchesternh.gov](mailto:rsherman@manchesternh.gov)**

**The vendor shall make absolutely NO contact with any member of the Board of Mayor and Aldermen or the evaluation committee.** Violation may result in rejection of the proposal. The individual named above is the sole contact for any and all inquiries after this RFP has been released.

## Schedule of Events:

Release of the RFP .....	2/5/2006
Vendor's Written Questions Submission Deadline.....	2/16/2006
Response to Questions/Addendum Issued.....	2/23/2006
RFP Due Date.....	3/6/2006
Oral Presentations.....	3/8– 3/12/2006
Equipment and Software Demonstrations.....	To be determined

## General Terms and Conditions

By signing and submitting its proposal, vendor agrees to be bound by all the terms and conditions contained in this RFP.

### *Conflict of Interest*

The vendor affirms that it, its officers, members, and employees presently have no interest and shall not acquire any interest, direct or indirect, which would conflict or compromise in any manner or degree the performance or its services hereunder. The vendor further covenants that in the performance of its contract, the vendor shall periodically inquire of its officers, members and employees concerning such interest. Any such interests discovered shall be promptly presented in detail to the Finance Officer.

### *Prohibition against Gratuities*

The vendor warrants that it has not employed any company or person, other than a bona fide employee working solely for the vendor or a company regularly employed as its marketing agent, to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of this contract.

For breach or violation of this warranty, Finance Officer shall have the right to annul this contract without liability, at his discretion, and/or to pursue any other remedies available under this contract or by law.

### *Financial Institution or Service Provider Relationship*

The relationship of the vendor to the City shall be that of an independent contractor, is solely liable for the acts and omissions of its employees and agents.

The vendor shall be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFP and resulting contract. Neither the vendor nor any employees or contractors of the vendor shall be deemed to be employees of the City for any purposes whatsoever.

The vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' Compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

The vendor shall hold the City harmless and shall provide the City with a defense against any and all claims, including but not limited to Workers' Compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

The vendor shall hold the City harmless and shall provide the City with a defense against any and all claims, including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes, and employer income tax returns.

The vendor shall not assign, convey, transfer or delegate any of its responsibilities and obligations under any contract awarded pursuant to this RFP to any person, corporation, partnership, association or entity without express written consent of the Finance Officer.

#### *Indemnification*

The vendor agrees to indemnify, defend and hold the City, its officers, and employees harmless from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of a contract awarded pursuant to this RFP; (2) Any claims or losses resulting to any person or entity injured or damaged by the bidder, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used by the bidder in a manner not authorized by the contract, or by federal or state statutes or regulations; (3) Any failure of the bidder, its officers, employees or subcontractors to observe state and federal laws, including but not limited to labor and wage laws.

#### *Contract Provisions*

After the successful vendor is selected, a formal contract document will be executed between the City, through the Finance Officer, and the vendor. In addition, the RFP and the vendor's response will be included as part of the contract by reference.

#### *Governing Law*

The laws of the State of New Hampshire shall govern this contract. The vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws (federal, state or local government) regulations.

#### *Compliance with Laws and Regulations*

The successful vendor shall procure all necessary permits and licenses to comply with all applicable laws, federal, state or municipal, along with all regulations, and ordinances of any

regulating body. The vendor shall pay any applicable sales, use, or personal property taxes arising out of the contract awarded pursuant to this RFP and the transactions contemplated thereby. Any other taxes levied upon the contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the vendor. It is clearly understood that the City is exempt from any taxes regarding performance of the scope of work of the contract.

#### *Subcontracts/Joint Ventures*

The successful vendor is solely responsible for all services provided under any contract awarded pursuant to this RFP and shall assume prime contractor responsibility for all services offered under the terms of the contract. The Finance Officer will consider the vendor be the sole point of contact with regard to all contractual matters. The vendor may, with the prior written consent of the Finance Officer, enter into written subcontracts for performance of work under the contract; however, the vendor is totally responsible for payment of all subcontractors. All subcontracting or joint venture arrangements that are planned or were formulated in order to respond and comply with the scope of work must be clearly identified in the proposal.

#### *Contract Termination*

The Finance Officer may terminate any contract resulting from the RFP immediately if the vendor fails to carry out its responsibilities under the terms of this RFP and resulting contract. The Finance Officer shall provide the vendor with advance notice of unacceptable conditions that are jeopardizing the contract's continuation.

The contract may also be terminated upon mutual agreement of the parties with thirty (30) day's prior notice.

### **Evaluation Process**

Proposals will be evaluated by the Finance Officer and a committee in accordance with the criteria stated to reach a consensus decision.

The Finance Officer will select the successful vendor based on the efficiency of operations and the guarantee of services and service individuals to assist and provide support to the City and be available for inquiries. The Financial Proposal is considered, but is not the sole determining factor for award. The Finance Officer does reserve the right to accept or reject any or all of the proposals.

A vendor's failure to provide complete and accurate information may be considered grounds for disqualification. The Finance Officer reserves the right, if necessary, to ask vendors for additional information to clarify their proposals. Nothing may be added which could materially alter the original proposal after the bid opening.

## **Overview of Current Lockbox Activities**

The City of Manchester currently accepts lockbox payments for its Water Utility, Sewer Utility, Property Taxes and Ordinance Violations (Parking Tickets).

The City hopes to expand its lockbox processing capabilities to other payments that are accepted by the City. This is obviously not as simple as it may sound because thus far, the City has not yet been able to standardize the invoice and payment remittance forms for all of its various billings. The City's financial system is modular, which provides a bit more of a challenge in determining exactly how the interfaces could be processed easily and efficiently to so many different databases.

The City has not conducted an RFP process for Lockbox Processing services for quite a number of years. Consequently, the City didn't know exactly where to begin, what type of preparation was necessary and which questions should be asked. Times have changed dramatically over the last fifteen years, not only on the payment processing venue but also relative to technological advances. Therefore, attached you will find the AFP (Association of Finance Professionals) "Standardized RFP for Treasury for the solicitation of Retail Lockbox Services". This addresses all facets of lockbox processing as well as all the pertinent and ancillary details.

The largest volume processing is done for the MWW (Manchester Water Works Utility) and EPD (Environmental Protection Division /Sewer Utility). Both of these entities send out quarterly billings on revolving schedules which means that each household makes remittances four times annually. The majority of payments here represent residential utility bills that average from \$ 40.00 to \$ 75.00 on a quarterly basis. There are obviously larger remittances for commercial and industrial entities.

Property Tax billings are sent out semi-annually, depending on when the City's tax rate is set and incumbent on the notification that the Board of Assessors have all of the data base updated with all of the latest information. The approximate time frame is the end of May and sometime in November. This is where flexibility in scheduling becomes a key factor. The lockbox processor will be notified in advance in writing when the bills have been issued and what the collection period will encompass. Many of these remittances are to mortgage escrow agents which accounts for the lower volume amounts there.

The volume for Ordinance Violations, which oversees the issuance of Parking Tickets, is really hard to determine. This would be entirely dependent on how many tickets are issued and of course, whether that individual chooses to pay by check. You can review the short history on the attachment. This lockbox has been in operation for only a couple of years and this and other aspects of parking collections are currently in transition. Because this is a lower dollar collection average, many choose to pay in cash.

# CITY OF MANCHESTER REMITTANCE PROCESSING VOLUMES

WATER		
<u>Month</u>	<u># of Bills</u>	<u># of Checks</u>
July-05	8,980	8,616
August-05	9,530	8,585
September-05	7,312	6,575
October-05	5,434	4,941
November-05	7,659	8,460
December-05	7,158	7,891
January-06	8,243	8,908
February-06	7,745	7,039
March-06	9,590	8,710
April-06	9,313	8,614
May-06	8,520	7,704
June-06	7,186	6,418
<i>Total</i>	96,670	92,461

EPD		
<u>Month</u>	<u># of Bills</u>	<u># of Checks</u>
July-05	5,498	4,953
August-05	8,950	8,281
September-05	7,991	7,142
October-05	3,368	3,015
November-05	7,507	8,079
December-05	7,667	8,398
January-06	5,871	6,446
February-06	7,742	7,205
March-06	8,996	8,044
April-06	5,231	4,759
May-06	8,010	7,406
June-06	7,684	6,828
<i>Total</i>	84,515	80,556

PROPERTY TAX		
<u>Month</u>	<u># of Bills</u>	<u># of Checks</u>
July-05	2,585	1,397
August-05	0	0
September-05	0	0
October-05	0	0
November-05	6,586	5,565
December-05	6,218	8,040
January-06	185	185
February-06	185	165
March-06	185	165
April-06	185	165
May-06	0	0
June-06	10,100	8,317
<i>Total</i>	26,189	23,999

PARKING		
<u>Month</u>	<u># of Bills</u>	<u># of Checks</u>
July-05	1,783	1,694
August-05	1,795	1,694
September-05	1,716	1,617
October-05	1,429	1,303
November-05	1,913	1,996
December-05	1,741	1,799
January-06	1,769	1,844
February-06	1,901	1,838
March-06	2,306	2,195
April-06	1,802	1,717
May-06	2,074	1,960
June-06	1,920	1,813
<i>Total</i>	22,149	21,470

GRAND TOTALS		
<u>Month</u>	<u># of Bills</u>	<u># of Checks</u>
July-05	18,826	16,660
August-05	20,275	18,560
September-05	17,019	15,334
October-05	10,231	9,259
November-05	23,665	24,100
December-05	22,784	26,128
January-06	16,048	17,383
February-06	17,573	16,247
March-06	21,077	19,114
April-06	16,531	15,255
May-06	18,604	17,070
June-06	26,890	23,376
<i>Annual Total</i>	229,523	218,486



# **Retail Lockbox Services RFP**

## **VENDOR BACKGROUND**

### **Safety and Soundness**

1. Identify key measures of the vendor's financial strength (e.g., capital ratios, market capitalization, total assets, annual revenue, net profit).
2. Provide ratings for the vendor/bank and/or holding company from the following agencies: D&B, Standard & Poor's, Moody's, Thomson BankWatch, Sheshunoff, or Lace. Include ratings for financial strength, senior debt, subordinated debt and long-term deposit.

### **Personnel**

3. List names, titles, phone and fax numbers and e-mail addresses and provide brief biographies of vendor contact personnel.
4. Will one primary contact be assigned to our account? If so, from which area of the organization?
5. How many employees does the vendor have in key areas providing the service?
6. What is the average years of experience of supervisors and managers in the lockbox department?

### **Experience**

7. How long has your organization offered retail lockbox service?
8. At which locations does your company offer retail lockbox service? Indicate international capabilities, if any.
9. What were the average monthly volumes for your retail locations during the last twelve months (items, dollars, number of lockboxes and number of customers)?

### **Competitive Position and Future Commitment**

10. What differentiates your service from that of other providers?
11. Provide the gain/loss in processing volume for your retail lockbox operation over the last twelve months.
12. How do you plan to keep this product current and competitive?
  - a. What approach are you taking in the development of new services?
  - b. What new services or features do you plan to offer and within what time frame?

13. Discuss your organization's plan to address changes in the banking system which may impact processing.
14. If any mergers have been announced or completed, how do you expect integration efforts to affect retail lockbox processing?

## References

15. Provide names, phone numbers and e-mail addresses of three to five references, preferably within our industry or with comparable processing needs, who are currently using your retail lockbox service. Select a mix of long-standing and recent customers and indicate how long they have been customers.
16. Provide any additional information, which you believe to be relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

## MAIL PROCESSING

1. List your schedule for post office pickups of retail lockbox mail for weekdays, weekends and holidays.
2. What is the distance to the post office and the average length of time between the pickup of items at the post office and delivery to your processing area? Is the courier an outside service or internally managed? If internally managed, is it under lockbox management?
3. Do you have a unique five-digit zip code assigned exclusively for receipt of retail lockbox items? If you have a unique zip code, is it included in the post office's first sorting pass? If you do not have a unique zip code, do you have a zip plus 4 and is it included on the first sorting pass?
4. Is the mail delivered directly to the lockbox area from the post office? If not, describe each delivery phase and the associated time delay.
5. Who performs the fine sort per box number, you or the post office? If you sort lockbox mail, describe the mail sorting operation. Include manual and automated handling, ability to read bar codes, peak volume and contingency plans. Do you sort by mail delivery or group of deliveries?
6. List all of the equipment types, their capacity and numbers of staff involved by shift in the mail sorting and pre-extraction areas for each lockbox.
7. Describe the receipt and handling of remittances delivered by private services (e.g., Federal Express, UPS) to the lockbox area for processing.
8. Provide a copy of the current Phoenix-Hecht Lockbox Evaluator's Time of Day by Receipt Data Analysis of Arrivals for the provider.
9. Using the data supplied in the lockbox profiles, provide total float averages for each site you propose. This will include weighted averages for both single and multi-site environments, as well as other scenarios you may wish to propose.
10. Provide the latest Phoenix-Hecht Postal Survey reflecting your current smoothed total float averages for all Phoenix-Hecht mailing locations nationwide. Include elapsed hours mail time, elapsed days mail time, availability and total float.
11. List your procedures for the control and processing of cash received in remittance envelopes. Is there dual control? Do you have security equipment within the lockbox area?
12. Provide data on any other mechanism used to track the performance of mail delivery standards for each lockbox site proposed.
13. Describe your methods for monitoring mail deliveries so that any U.S.P.S changes affecting those deliveries and your processing are identified as early as possible.
14. Describe the process for implementing customer specific changes or changes that may be necessary due to a high-volume customer that is added to your volume mix and originates from several different regions.

## LOCKBOX PROCESSING

1. Describe the lockbox department's processing workflow. Highlight your quality control checkpoints and the components that are directly controlled by the lockbox manager. Include a schematic or flow chart of the processing procedures.
2. What controls do you have in place to ensure accurate processing per customer specifications? What controls are in place to insure all payments received are processed the same day received?
3. If changes are made to the company's processing instructions, how are these changes communicated? How do you ensure that specifications are adhered to when assigned persons are unavailable?
4. What are the deposit times for the customer's lockbox and how are they determined?
5. Can you combine multiple deposits to a single daily ledger credit for statement purposes?
6. What is the ledger cut-off time for retail lockbox deposits for the bank of first deposit? Include weekends and holidays. What is the latest mail pickup to be included in the last deposit? Will you process and deposit all of the customer's payments on the same ledger day as received? If not, when are these items deposited?
7. Describe any priority handling of items for certain lockbox customers (e.g., large-dollar /item volume customers). How is priority handling determined and is this a negotiable feature of lockbox processing?
8. When are your peak processing periods and what arrangements are made to handle the increased volume? Do you staff for peak or average volume processing?
9. Describe your procedures for processing foreign checks received in the lockbox. What float period is assigned to foreign items?
10. Are separate ledger credits made for weekend and holiday work? If not, how can these credits be identified? Is the output (details of payments received) distributed to the company that day or the next business day?
11. Provide a list of lockbox holidays for the processor and bank of deposit, if different.
12. Do you allow night and weekend tours of the lockbox area? If so, how much advance notice is required? Are unannounced visits/audits allowed or encouraged?
13. Does the lockbox provider process both wholesale and retail payments on the same equipment in the lockbox department? If so, how are payments prioritized for processing?
14. In the case of an automated equipment or system failure, what back up arrangements are in place for lockbox processing?
15. Do you use a third-party processor, including couriers, for any part of this service? If so, explain.
16. Outline lockbox and customer procedures for out-of-balance conditions at the transaction level, batch level, deposit level and end-of-day level.

17. Do you utilize any type of remote data entry? If so, what sites are utilized? Provide both domestic and international sites.
18. Describe all options that are available to process exception items. This should include items received with the appropriate customer account information but without an OCR document and checks received without customer account information that require research prior to data entry.
19. Provide any other option that may be available that circumvents manual key entry of this information at the customer site, thus preventing further posting delays.
20. Can you access the company's database in order to reduce unapplied remittances? If so, explain how you have done this with other companies.
21. How do you handle correspondence, returned items and any other items that may be received in the lockbox? How do you communicate this type of information to the customer?
22. Describe any technology used to retrieve customer information and post returned checks through the use of previously captured MICR information or other means.
23. Describe the established procedures that are in effect for lockbox personnel in the areas of cash and other monetary instrument handling. Who is responsible for losses that may occur?
24. How long will you maintain coupons and other payment documents? How do you dispose of these documents?
25. What are your recommended specifications for reply envelopes and remittance documents?

## CHECK PROCESSING

1. Describe the major functions of the bank of deposit transit department's procedures and how they interface with the lockbox department. Which department encodes checks processed by lockbox?
2. Describe how you will compute the availability that is passed to the customer's deposits (e.g., by item, fractional availability, float factor, other). Who is responsible for the assignment of availability?
3. If you determine availability by individual check endpoint, provide the bank of deposit's latest availability schedule that will apply to our retail lockbox. Include a separate weekend schedule, if applicable. If this schedule does not pertain to checks of all dollar sizes, explain.
4. How many availability schedules are offered to your retail lockbox customers? Is the schedule you are offering us your best retail schedule and is it the same schedule you provide to Phoenix-Hecht (most current release) and other lockbox models? If not, quantify the difference and explain how we can obtain your best availability schedule. Describe the extra charge, if any, for obtaining your best availability schedule.
5. Is availability assignment made continuously as checks are released for collection, or is assignment made at specific times during the day? Explain.
6. How frequently do you publish updated retail availability schedules? Do you routinely send the revised schedules to retail lockbox customers?
7. Can the bank provide an availability endpoint analysis for retail lockbox items/deposits? If so, how frequently is this analysis performed and is there a charge for this service? Is this available electronically? If so, what is the required format?

# TECHNICAL CAPABILITIES

## Data Capture and Transmission

1. Describe your procedures for the capture and transmission of remittance detail, such as account or invoice number or other data for automated posting of accounts receivable records.
  - a. Describe methods to ensure validity of data.
  - b. What back up arrangements exist should the system fail?
  - c. Provide recommended detailed specifications for a remittance stub scanline.
  - d. Can you accommodate customized scanline formats?
2. Do you retain the actual check in the lockbox department until data capture is completed or do you send to the bank for collection prior to data capture?
3. Are you able to distinguish between customer account number and the check number during MICR capture without losing the integrity of the MICR record? If so, explain how this is done.
4. If using image technology, describe what type of Courtesy Amount Read (CAR) or Intelligent Character Recognition (ICR) hardware and/or software is utilized. Describe the average percentage of characters recognized. Describe the number of encoding errors tracked that are attributed to CAR/ICR versus manual key payments and compare the error percentages for the two methods.
5. If using image technology, provide the number of retail lockbox customers that have been converted to image technology. If not completely converted, provide a timeline on when all customers will be converted.
6. If you are using OPEX pre-extraction technology, describe your plans, if any, to migrate towards their Image Export Module (IEM).
7. If you do not utilize any type of image technology, describe any plans you have to implement this technology and when you expect this technology to be fully operational.
8. If you do not plan to implement image technology, describe the reasons that you decided not to use this type of technology.
9. State the number of customers and retail lockboxes for which you provide data capture and tape/transmission output for each lockbox site proposed. Specify numbers by method of delivery.
10. In what standard formats do you transmit? Will you customize?
11. What is the earliest transmission time available to a customer without affecting your ability to deposit all checks received for a ledger credit day? Describe your procedures if we were to choose an earlier transmission time.
12. What is the minimum lead time to initiate a data transmission output?
13. Describe procedures to ensure that transmissions are received successfully and contain all remittance payment detail.

14. How long will remittance payment detail files be retained for retrieval?
15. *[For use by companies that have multiple files that include unique and variable transmission deadlines or files that may be transmitted to different areas of the country]*  
Explain what type of controls and procedures would be in place to prevent the wrong transmission from arriving at the wrong location, at the wrong deadline. Do you provide a similar service for any of your existing customers? If so, explain the procedures and their success rate.

## **Technology**

16. List and describe all of the equipment types, software with version number, hardware, and personnel involved in payment processing. Include mail extraction and processing, balancing, exception processing and bank deposit reconciliation and preparation for each lockbox proposed. How long have you been using this technology?
17. Specify your lockbox equipment service hours. Is coverage on-site or on-call?
18. Can you provide daily images of all checks and remittance advices? If so, in what formats (e.g., online, PC bank software, CD-ROM). How long is this information available in archives?
19. Do you provide image data output to any of your existing customer base at any of the sites proposed? If so, what type of output? Who are the customers and how long have they been receiving it?
20. Describe how you make changes to the customer's lockbox application. Do you rely on internal or external resources for programming?
21. How do you scan for change of address or customer notations on the front and/or back of the OCR return document? If using automated methods, describe technology used and how the system handles these items after detection. If done manually, describe procedures in place for staff to detect and process these items.
22. Describe the archive facilities available to retrieve payment information. If Internet access is available, describe the security that protects customer information. What encryption methods are utilized to protect this data?
23. How long is archive information available?

## **Disaster Recovery**

24. Describe the procedures established for disaster recovery.
25. With whom do you contract? How many other customers do they have?
26. How often do you test disaster recovery procedures? When was the site last tested?
27. Have disaster recovery procedures ever been employed for a real disaster? If so, explain.
28. How long does it take to activate the site? How long can you stay at the site?
29. What occurs when you exceed the capacity of the back up site?



30. What arrangements are made regarding service level agreements in the event of a disaster?
31. What agreements do you have with your equipment manufacturers for additional equipment should a disaster occur? Specify all areas of remittance processing, including mail extraction and image processing.

## **DEPOSIT AND BALANCE REPORTING**

1. Describe the different systems and methods by which you make deposit and balance reporting information available. Include abilities to report through systems operated by another bank or non-bank vendor and/or directly to our computer or treasury workstation. Do you have the capability to report retail lockbox deposits separately from the primary balance reporting system?
2. For a given day's lockbox activity, at what time of day can you report the total amount that will be credited to our account? If multiple deposits are made during the day, do you report these deposits same day or is there a reporting cut-off during the day?
3. Does the customer's deposit reporting deadline determine retail lockbox receipt processing cut-off for same-day ledger credit?
4. Does your balance reporting system provide the capability to report other deposit types (electronic, over-the-counter, etc.)?
5. Do you have the capability to provide same-day float information for retail lockbox deposits? If so, at what time(s) is it available?

## LOCKBOX NETWORK SERVICES

*To be used only if customer is interested in more than one site.*

1. List your retail lockbox network locations. For each location, identify which are affiliates, independent banks that have an agreement with you, non-bank vendors, wholly owned processing facilities and intercept points. If you use a non-bank vendor, list the clearing banks used in each location.
2. May the customer select which bank receives its deposits in any or all locations? How do you determine how many and which network sites your customers should use? Is there a fee?
3. Will the customer's deposits made with local bank(s) be in the company's name or in your name? If in the company's name, will we be required to complete deposit agreements and resolutions for each bank used? Can funds be moved directly from the depository bank to our concentration bank?
4. Will you or the local depository bank retain liability for the customer's deposit?
5. Who is responsible for handling adjustments and error resolution? Will it be necessary to work with more than one institution to resolve an issue?
6. Have you closed or opened any network sites in the last twelve months? If you are planning on adding or closing sites, where will these sites be and when will they be opened or closed? If any network sites were closed, explain why.
7. For each of your retail lockbox network locations, provide the information requested in the Mail Processing and Lockbox Processing sections of this questionnaire with specific information for each of the retail network location sites. Where appropriate for mail intercept networks, include courier times, flight times and arrival times for each processing location.
8. Provide the most current retail lockbox availability schedule for each site in the network.
9. Do you provide a data consolidation/pooling service for your retail lockbox network? How many customers use this service?
10. Describe the following as it relates to your network. Be specific by location. Indicate where there is commonality of output, implementation and setup procedures at each location. Include copies of all documents or contracts required. What is the lead time required for implementation?
  - a. Consolidation of funds flow
  - b. Reporting of daily deposits
  - c. Consolidation of information
  - d. Pooling of data transmissions
  - e. Ability to provide intra-day float and detail information
  - f. Consolidation of monthly analysis statements
  - g. Coordination of customer service inquiries
  - h. Backup and redundancy of remittance processing equipment

11. Outline the benefits we could expect to realize by using your retail network and why we should select your network over another or individually selected retail lockbox processors.
12. Do you have a central point for customer contact when you provide a retail lockbox network or one contact per site?

## **ELECTRONIC AND CREDIT CARD PAYMENTS**

1. Indicate which types of electronic payments you are capable of receiving.
2. Describe how an electronic payment is posted to a corporate demand deposit account. When does this occur and how is availability assigned?
3. Discuss how you handle detailed receivable information and the various reporting options for receiving this information for each type of electronic payment.
4. Can you provide transmissions of electronic payment information? Include the timing and the format options of the transmission.
5. Can the customer direct wire transfer and electronic corporate trade payment (e.g., CTX, CCD with addenda formats) remittances to our lockbox? If so, describe how you would handle ledger credits and receivable information. Can that information be transmitted? If not, what alternatives do you offer?
6. Do you have the capability to communicate with a third party, value-added network (VAN) or electronic mailbox? Are you currently doing so? With which networks do you communicate? What additional charges does the customer incur? In what format(s) are you communicating with the VAN?
7. Do you process electronic return items? If so, describe the features, benefits and implementation requirements.
8. Describe how you process credit card payments through the lockbox. What controls are in place to validate information? What types of credit cards are accepted?
9. Do you handle your own merchant card processing or is a third party used? Will you use a processor that the customer chooses?

## **IMPLEMENTATION**

1. Provide a copy of all agreements that will be required to initiate retail lockbox service.
2. Provide a detailed description of the implementation process, including testing and a sample implementation schedule.
3. What is the average lead time for implementation? What are the critical factors that may impact that lead time?
4. Describe support provided during implementation, including training, technical assistance, user manuals and on-site visits. Do you assign an implementation team?
5. Provide the desired lead time between conversions for a multi-site environment.
6. Indicate the full-time equivalent personnel that the company is expected to provide during implementation, including their qualifications.
7. Describe the conversions of the last three to five customers with processing requirements similar to ours. Provide expected conversion dates versus actual conversion dates for each location, monthly volumes and other relevant data.

# CUSTOMER SERVICE AND QUALITY

## Customer Service

1. Describe the organizational structure of your customer service department (e.g. centralized, within lockbox operating unit).
2. Will a specific customer service representative be assigned to handle this business?
3. Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
4. What are the hours of operation of the lockbox customer service unit? (Specify time zone.)
5. What are the procedures for processing inquiries related to research and adjustments?
6. Are there established turn around times for inquiries related to research and adjustments? If so, specify.
7. What is your record on meeting established response times?
8. *[For network services only]* In a multi-site operating environment, how are inquiries requiring research and adjustments handled? Does the customer have a central point of contact or a contact at each processing site?
9. *[For network services only]* In a multi-site operating environment, do established turn around times for research and adjustments vary from site to site?
10. Do you provide technical customer support for computer hardware, software and communications problems?

## Quality

11. Do you have a formal quality improvement program for this service? If so, describe.
12. List and describe all internal quality standards. Standards should include:
  - a. Encoding
  - b. Misapplied payments
  - c. Double posting
  - d. Invalid account numbers
  - e. Data transmission timeliness
  - f. Data transmission accuracy
  - g. Image quality
  - h. Other
13. Provide copies of all internal quality measurement reports.
14. What is the reporting frequency and period covered for each measure? What are your last three performance levels for each measure?

15. Describe how quality measurement reports are modified as new quality measurements are introduced.
16. Provide copies of the Phoenix-Hecht Quality Index for your lockbox operation.
17. Describe how you have incorporated quality measurements into an individual's performance evaluation. Are performance incentives offered?
18. Describe how you measure data entry accuracy. What are your measurements and how do you calculate them?
19. Does your transport include a screen to display image quality? If so, is additional hardware /software required?
20. How do you ensure a quality connection between the user site and host?
21. What safeguards are built into your system to prevent encoding errors and misapplied transactions?
22. Will you agree to an incentive/penalty agreement for meeting or failing to meet agreed upon performance standards and service levels? Provide examples of similar arrangements you have with other customers.



# COMPENSATION

## Pricing

1. Provide a price schedule for this service using TMA Service Codes. Include any one-time or set up charges, credit card transaction and discount fees and all other fees that will be charged. If pricing is volume sensitive and only a portion of the retail lockbox business is awarded to you, outline any pricing changes that we would experience between 25% and 100% of our stated volume.
2. Provide a pro forma analysis based on the attached list of volumes and services required (customer to provide), using TMA Service Codes. If pricing is volume sensitive and only a portion of the retail lockbox business is awarded to you, outline any pricing changes that we would experience between 25% and 100% of our stated volume.
3. *[For network services only]* Describe your network pricing structure, providing a complete price schedule for retail lockbox networks. Include any surcharge or premium pricing that applies to the network, charges for the use of each network site, fixed charges for the use of specified numbers of sites or specific locations, charges for funds transfers from each site and charges for mail movement from each site. What savings in fixed and variable prices will accrue through the network versus contracting for services in each site separately?
4. Fees in this proposal are guaranteed for \_\_\_\_\_ years.
5. How and when is the customer notified of a price increase?

## Analysis

6. *[For bank providers]* Do you accept compensation in a combination of fees and balances? If fees are accepted, is there a surcharge or a different price schedule for fee compensation? Describe.
7. What fee payment options do you offer (e.g., direct debit, ACH)?
8. Describe the method used to calculate the earnings credit rate (ECR)? Is the reserve requirement deducted from the available balance before the ECR is calculated? If not, explain. List your ECR for the most recent six months.
9. Is there a fee or other assessment for FDIC Insurance? If so, how is the fee calculated?
10. Can the customer decide how the balances in its accounts will be grouped for purposes of compensation (e.g., assessed individually, by division, at the relationship level)?
11. When calculating average balances, are positive and negative balances netted?
12. How does the bank of deposit charge for overdrafts? Does the bank charge for use of uncollected funds? If so, how is the charge calculated?
13. What billing period options do you offer? How and when will the company be billed for deficiencies?
14. How long can excess balances be carried forward to apply to charges in future billing periods?

15. How soon after the close of the billing period is the account analysis available to the customer?
16. How are adjustments reflected on the account analysis?
17. If the bank of deposit operates in multiple states, can it provide a consolidated analysis of accounts maintained in more than one state?
18. Is the bank's account analysis available electronically in ASC X12 822 format or via the Internet? If in 822 format, what versions do you support and by what methods can the analysis be transmitted? When is the electronic account analysis statement available?

**Financial Proposal**  
**City of Manchester, New Hampshire**  
**Retail Lockbox Services**

Please list per item fees for all of the services to be provided.

Any ancillary or related fees to be charged should also be noted inclusively in this proposal.

Additional lines are provided for any other charges that are not listed below.

List any associated bank processing fees, use an extra page if necessary.

Maintenance Fee	_____
Processing Fees per Item	
Check	_____
Bill	_____
Additional Bills w/One Check	_____
Post Office Box Rental	_____
Imaging Capture	
Per Item Fee	_____
CD Rom	_____
Reports	_____
Transmission Fees	_____
Internet Access Fees	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____